



March 2025

This past quarter, we demonstrated the resilience of our model. Our typical pattern of performance has long been to underperform somewhat in waxing markets and to outperform more meaningfully in waning ones. While, as with the phases of the moon, both strong and weak markets come and go, we have found that not quite keeping up when the lights are on full blast but outpacing energetically when the darkness sets in is a pretty good tradeoff.

Marshfield's performance this quarter represents a down payment on our patience, making it clear yet again that a focus on company quality and price continues to make sense for our investors. Strong markets, held aloft toward the end of their ascendancy by what often seems like sheer force of will, inevitably succumb to gravity at some point, turning the tide back to fundamentals. It is often said that the stock market deplores uncertainty—of which we affirmatively have an abundance right now—but we might state it a bit differently: the market at its apogee seems to seek out a particular kind of certainty that allows it to continue to fantasize that the man in the moon is real. When it looks like interest rates might decline, for example, technology stocks, with many among the cohort producing little in the way of current earnings, rally in the belief that valuations will magically increase by putting off the day of reckoning. When such (over)confidence recedes into the shadows, the harvest moon gives way to the blood moon, wreaking havoc in corners of the market had that been relying on the former's promise of abundance.

The cacophony of policy right now has made it difficult for the market to get and retain its bearings. To the extent that the current administration has had a honeymoon, it seems to have been quickly eclipsed by a flurry of activity whose end result is anyone's guess. Whether tariffs give rise to a resurgence of on-shore American manufacturing or whether they foretell a ruinous trade war and recession, whether geopolitical events presage an era of peace and prosperity or one of upheaval and calamity is up to everyone's individual imagination and belief set. But that's precisely the point: the market loves to moon over its favorites, but to the extent that it cannot credibly conclude one thing or another with any consistency, it's destined to live in the limbo of day-to-day volatility, reacting to the events du jour. We eschew such lunacy, feeling as we do that those companies that have real (and valued) products and services to sell, that have nimble management and well-defined strategies suited to a variety of environments, and that have incorporated resilience into much of what they do should be able to demonstrate their value in due time. Because we never follow the crowd and drink from the community jug of moonshine, we believe that we're better positioned than most to make it through a period like this without cratering.

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